



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC



OFFICE OF THE ASSISTANT SECRETARY

25 November 1996

MEMORANDUM FOR SEE DISTRIBUTION

FROM: SAFAQ

SUBJECT: Dual-Use Applications Program Funding For Upgrades to Reduce Operations and Support Costs

Within the Omnibus Consolidated Appropriations Act of Fiscal Year 1997, appropriations became available to conduct a Dual Use Applications program (DUAP). Approximately \$70 million of these appropriations have been set aside by OSD for a program called Upgrades to Reduce Operations and Support (O&S) Costs Initiative. The goal is to prototype an approach for the Services and industry to insert commercial technology into existing military systems to reduce O&S costs.

There are several restrictions on the use of this money. First, the \$70 million available during FY 1997 for the DUAP Upgrades Initiative are one-year dollars. The DUAP dollars will be used as a cost-share with industry to only fund the non-reaming engineering and demonstration of the commercial technology insertion. The follow-on effort will have industry proposing fixed price "kits" which will be funded by the Services and inserted into existing military systems. The cost-share with industry will be flexible; however, cost-share will be used by the Services and OSD as a selection criteria. primary selection criteria will be the reduction in O&S cost while meeting minimum acceptable performance. Improved performance may be a consequence but will not be a selection factor. In addition, the intent of the program is to insert commercial parts, not redesign military parts. The contractual vehicles for this program will normally be "other transactions" such as 845 Agreements which allow industry to use R&D funds for cost-sharing.

Because the funds must be obligated by 30 September 1997, this initiative will use an expedited process. Your offices should immediately begin a dialogue with their primes/suppliers on possible proposals to identify upgrades/insertion opportunities. A single Broad Agency Announcement (BAA) will be published in January 1997 soliciting proposals. Proposals will be due to SAF/AQR by 1 March 1997, whereby will be evaluated for O&S savings and ranked for submission to OSD for final selection and funding by the DUAP Steering Group. Since each Service will be able to fund a limited number of proposals, in discussions with primes/suppliers you should only encourage submittal of high payoff proposals. Also, since we will try to have the BAA address some Service focus areas, request each PEO/DAC submit to SAF/AQR by 15 December 1996 a one page summary of the areas you would want emphasized for potential Upgrade Initiative projects; also, you are requested to provide a POC for each emphasis area.

This is a great opportunity for the Air Force to leverage some DUAP money to allow for the insertion of commercial technology into our military systems to dramatically reduce our O&S costs. I encourage your participation and support. My focal point for this effort is Col George Williams, SAF/AQRE, (703) 697-1417 or Maj Mark Harris, (703) 602-9300 ext 16.

William Hall
Assistant Secretary of the
Air Force (Acquisition)

cc: AF/LG
AFMC/PK
AFMC/EN